

State Board of Tax Appeals  
February 13, 2012

Mr. Chairman, Members of the JFAC Committee,

The 2013 FY Budget Request is located in your Legislative Budget Book on pages 6-137 to 141.

The Boards authority is described in Title 63, Chapter 38 and is funded entirely by the General Fund.

The Board of Tax Appeals has one program, to hear appeals and issue decisions.

The Board of Tax Appeals is not a taxing authority, but an Administrative Law agency that provides the opportunity for taxpayers to be heard. Approximately 90% of the Board's case load is appeals of decisions of the local County Boards of Equalization concerning property values and tax exemptions. The remaining 10% are appeals of decisions of the State Tax Commission concerning almost every State tax liability. Some of those include income tax, sales and use tax and the circuit breaker property reduction program.

The Board of Tax Appeals was created by the Legislature in 1969 as an independent Board. Although it is part of the Department of Revenue and Taxation, it is not a part of the State Tax Commission.

Tax Appeals is a state wide program administered by three (3) part time Board Members, supported by five (5) full time employees.

The three part time Board members are appointed by the Governor and confirmed by the Senate for staggered 3-year terms. They are located in three different areas of the state and work from their homes. The Board Members and Hearing Officers travel alone to the counties where the property or business is located. They preside over the hearing, record the proceedings and control the hearing environment.

Every step of the appeal process is time sensitive and required by statute, the Administrative Procedures Act or administrative rule.

That makes Tax Appeals a very specialized board because it requires education and experience in due process, legal procedures and tax law.

### **Case Load Recap**

Idaho Code Section 63-3809 requires the Board render property value and exemption decisions, by May 1 of each year. Because property assessment and taxation have an annual cycle, property tax appeals are required to be resolved annually.

The changes in the real estate market along with the economy have prompted historic numbers of appeals over the past 6 years. Several supplemental appropriations have enabled us to complete the workload.

### **Short Term**

Tax Appeals updated to digital recording equipment. It has been challenging to transition to new equipment in a year of record appeal numbers, however the quality of the hearing record is much better, and the equipment is more dependable.

The 1<sup>st</sup> of January Tax Appeals lost a Tax Policy Specialist/Hearing Officer with a law degree to the private sector for a 50% increase in salary. He was an excellent decision writer with 5 years of experience with the Board.

### **Long Term**

In the long term there are some areas of concern.

It is difficult to manage a fluctuating case load with the uncertainty of funding within statutory time frames.

State employee compensation is an issue. It is particularly difficult in a small agency, because there are few options.

There is no education funding for new Hearing Officers or Board Members. Hearing procedures and Legal writing education is very important for Board Members and staff in an Administrative Law agency.

### **Governor's FY 2013 Recommendation**

The Governor's recommended increase in benefit costs, statewide cost allocation and one-time CEC is appreciated.

I would be happy to answer any questions.

Susan Renfro  
Director Board of Tax Appeals